

# HOUSE BILL No. 1702

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-31; IC 4-33; IC 4-35; IC 6-8.1-1-1; IC 35-45-5.

**Synopsis:** Slot machines at racetracks. Authorizes slot machines at racetracks. Imposes a wagering tax of 40% of the adjusted gross receipts from slot machine wagering. Redirects certain riverboat admissions taxes from the horse racing commission to the economic development corporation (corporation). Provides for the annual distribution of slot machine wagering taxes before July 1, 2007, as follows: (1) the first \$27,205,284 to the horse racing commission to be used in the same manner as riverboat admissions taxes are currently used; and (2) the remainder to the corporation. Provides for the annual distribution of slot machine taxes after June 30, 2007, to the corporation. Requires the corporation to allocate: (1) \$48,000,000 annually to the capital improvement board for a convention center stadium project; (2) \$100,000 annually to the excluded cities for economic development; and (3) \$1,000,000 annually to the Indiana Sports Corporation. Authorizes the corporation to allocate revenues to economic development projects throughout Indiana. Imposes a horse racing promotion fee of 13% of the adjusted gross receipts from slot machine wagering. Provides for the distribution of the fees to purses, breed development, and the associations representing owners, breeders, and trainers. Makes an appropriation.

**Effective:** July 1, 2005.

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**Murphy, Austin, Reske, Messer**

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January 19, 2005, read first time and referred to Committee on Public Policy and Veterans Affairs.

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First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

## HOUSE BILL No. 1702

A BILL FOR AN ACT to amend the Indiana Code concerning gaming and to make an appropriation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 4-31-2-26 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2005]: **Sec. 26. "Slot machine" has the meaning set forth in**  
4 **IC 4-35-2-9.**
- 5 SECTION 2. IC 4-31-4-2 IS AMENDED TO READ AS FOLLOWS  
6 [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) A county fiscal body may  
7 adopt an ordinance permitting the filing of applications under  
8 IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks  
9 in the county. However, before adopting the ordinance, the county  
10 fiscal body must:
- 11 (1) conduct a public hearing on the proposed ordinance; and  
12 (2) publish notice of the public hearing in the manner prescribed  
13 by IC 5-3-1.
- 14 (b) The county fiscal body may:
- 15 (1) require in the ordinance adopted by the county fiscal body that  
16 before applications under IC 4-31-5 to conduct pari-mutuel  
17 wagering on horse races at racetracks in the county may be filed,



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the voters of the county must approve the conducting of horse racing meetings in the county under section 3 of this chapter; or (2) amend an ordinance already adopted by the county fiscal body to require that before applications under IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks in the county may be filed, the voters of the county must approve the conducting of horse racing meetings in the county under section 3 of this chapter.

An ordinance adopted under this section may not be amended to apply to a person who has already been issued a permit under IC 4-31-5 before amendment of the ordinance.

**(c) An ordinance adopted under this section authorizing a person to conduct pari-mutuel wagering on horse races at racetracks in the county may not be adopted or amended in a manner that restricts a permit holder's ability to conduct gambling games under IC 4-35. An ordinance adopted by the county fiscal body permitting slot machines in the county is not a prerequisite for the lawful operation of slot machines under IC 4-35.**

SECTION 3. IC 4-31-7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. (a) A person holding a permit to conduct a horse racing meeting or a license to operate a satellite facility may provide a place in the racing meeting grounds or enclosure or the satellite facility at which the person may conduct and supervise the pari-mutuel system of wagering by patrons of legal age on the horse races conducted or simulcast by the person. **Except as provided in subsection (c),** the person may not permit or use:

- (1) another place other than that provided and designated by the person; or
- (2) another method or system of betting or wagering.

(b) Except as provided in section 7 of this chapter and IC 4-31-5.5, the pari-mutuel system of wagering may not be conducted on any races except the races at the racetrack, grounds, or enclosure for which the person holds a permit.

**(c) A person who:**

**(1) was first issued a permit to conduct a horse racing meeting before January 1, 2005; and**

**(2) holds a valid permit to conduct a horse racing meeting; may permit wagering on slot machines at the person's racetrack as permitted by IC 4-35.**

SECTION 4. IC 4-31-7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) A person less than eighteen (18) years of age may not wager at a horse racing meeting.

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(b) A person less than ~~seventeen (17)~~ **eighteen (18)** years of age may not enter the grandstand, clubhouse, or similar areas of a racetrack at which wagering is permitted unless accompanied by a person who is at least twenty-one (21) years of age.

(c) A person less than eighteen (18) years of age may not enter a satellite facility.

**(d) Except as provided by IC 4-35-7-2, a person less than twenty-one (21) years of age may not enter the part of a racetrack in which gambling games are conducted under IC 4-35.**

SECTION 5. IC 4-31-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. A person that holds a permit to conduct a horse racing meeting or a license to operate a satellite facility shall withhold:

(1) eighteen percent (18%) of the total of money wagered on each day at the racetrack or satellite facility (including money wagered on exotic wagering pools, **but excluding money wagered on slot machines under IC 4-35**); plus

(2) an additional three and one-half percent (3.5%) of the total of all money wagered on exotic wagering pools on each day at the racetrack or satellite facility.

SECTION 6. IC 4-33-2-17.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 17.5. "Slot machine taxes" means the wagering tax imposed on gambling games conducted by a permit holder (as defined in IC 4-35-2-6) under IC 4-35.**

SECTION 7. IC 4-33-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. The commission shall adopt rules under IC 4-22-2 for the following purposes:

- (1) Administering this article.
- (2) Establishing the conditions under which riverboat gambling in Indiana may be conducted.
- (3) Providing for the prevention of practices detrimental to the public interest and providing for the best interests of riverboat gambling.
- (4) Establishing rules concerning inspection of riverboats and the review of the permits or licenses necessary to operate a riverboat.
- (5) Imposing penalties for noncriminal violations of this article.
- (6) Establishing the conditions under which gambling games may be conducted under IC 4-35.**

SECTION 8. IC 4-33-12-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) The department shall place in the state general fund the tax revenue collected under this

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chapter.

(b) Except as provided by subsections (c) and (d) and IC 6-3.1-20-7, the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat that has implemented flexible scheduling under IC 4-33-6-21 during the quarter shall be paid to:

(A) the city in which the riverboat is docked, if the city:

(i) is located in a county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000); or

(ii) is contiguous to the Ohio River and is the largest city in the county; and

(B) the county in which the riverboat is docked, if the riverboat is not docked in a city described in clause (A).

(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county in which the riverboat is docked. In the case of a county described in subdivision (1)(B), this one dollar (\$1) is in addition to the one dollar (\$1) received under subdivision (1)(B).

(3) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission, for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(5) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

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- 1 (A) embarking on a gambling excursion during the quarter; or  
 2 (B) admitted to a riverboat during the quarter that has  
 3 implemented flexible scheduling under IC 4-33-6-21;  
 4 shall be paid to the division of mental health and addiction. The  
 5 division shall allocate at least twenty-five percent (25%) of the  
 6 funds derived from the admissions tax to the prevention and  
 7 treatment of compulsive gambling.  
 8 (6) Except as provided in ~~subsection~~ **subsections (k) and (l)**,  
 9 sixty-five cents (\$0.65) of the admissions tax collected by the  
 10 licensed owner for each person embarking on a gambling  
 11 excursion during the quarter or admitted to a riverboat during the  
 12 quarter that has implemented flexible scheduling under  
 13 IC 4-33-6-21 shall be paid to the Indiana horse racing commission  
 14 to be distributed as follows, in amounts determined by the Indiana  
 15 horse racing commission, for the promotion and operation of  
 16 horse racing in Indiana:  
 17 (A) To one (1) or more breed development funds established  
 18 by the Indiana horse racing commission under IC 4-31-11-10.  
 19 (B) To a racetrack that was approved by the Indiana horse  
 20 racing commission under IC 4-31. The commission may make  
 21 a grant under this clause only for purses, promotions, and  
 22 routine operations of the racetrack. No grants shall be made  
 23 for long term capital investment or construction, and no grants  
 24 shall be made before the racetrack becomes operational and is  
 25 offering a racing schedule.  
 26 **For a state fiscal year beginning after June 30, 2007, the**  
 27 **Indiana horse racing commission is not entitled to a**  
 28 **distribution of admissions taxes collected under this chapter.**  
 29 **After June 30, 2007, the treasurer of state shall pay the**  
 30 **admissions taxes specified in this subdivision to the Indiana**  
 31 **economic development corporation for deposit in the Indiana**  
 32 **economic growth fund established under IC 4-35-8-7.**  
 33 (c) With respect to tax revenue collected from a riverboat located in  
 34 a historic hotel district, the treasurer of state shall quarterly pay the  
 35 following amounts:  
 36 (1) Twenty-five percent (25%) of the admissions tax collected  
 37 during the quarter shall be paid to the county treasurer of the  
 38 county in which the riverboat is docked. The county treasurer  
 39 shall distribute the money received under this subdivision as  
 40 follows:  
 41 (A) Twenty percent (20%) shall be quarterly distributed to the  
 42 county treasurer of a county having a population of more than

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thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Sixty percent (60%) shall be retained by the county where the riverboat is docked for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body:

(i) A town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(ii) A town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(2) Sixteen percent (16%) of the admissions tax collected during the quarter shall be paid in equal amounts to each town that:

(A) is located in the county in which the riverboat docks; and

(B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission.

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(3) Nine percent (9%) of the admissions tax collected during the quarter shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.

(4) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b).

(5) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the department of commerce to be used by the department for the development and implementation of a regional economic development strategy to assist the residents of the county in which the riverboat is located and residents of contiguous counties in improving their quality of life and to help promote successful and sustainable communities. The regional economic development strategy must include goals concerning the following issues:

(A) Job creation and retention.

(B) Infrastructure, including water, wastewater, and storm water infrastructure needs.

(C) Housing.

(D) Workforce training.

(E) Health care.

(F) Local planning.

(G) Land use.

(H) Assistance to regional economic development groups.

(I) Other regional development issues as determined by the department.

(d) With respect to tax revenue collected from a riverboat that operates from a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000), the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the city in which the riverboat is docked.

(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

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shall be paid to the county in which the riverboat is docked.

(3) Except as provided in subsection (k), nine cents (\$0.09) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), one cent (\$0.01) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the northwest Indiana law enforcement training center.

(5) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(6) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(7) Except as provided in ~~subsection~~ **subsections (k) and (l)**, sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established

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by the Indiana horse racing commission under IC 4-31-11-10.  
 (B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

**For a state fiscal year beginning after June 30, 2007, the Indiana horse racing commission is not entitled to a distribution of admissions taxes collected under this chapter. After June 30, 2007, the treasurer of state shall pay the admissions taxes specified in this subdivision to the Indiana economic development corporation for deposit in the Indiana economic growth fund established under IC 4-35-8-7.**

(e) Money paid to a unit of local government under subsection (b)(1) through (b)(2), (c)(1) through (c)(2), or (d)(1) through (d)(2):

(1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;

(2) may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5 but may be used at the discretion of the unit to reduce the property tax levy of the unit for a particular year;

(3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

(f) Money paid by the treasurer of state under subsection (b)(3) or (d)(3) shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or

(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and economic development activities of the county and community.

(g) Money received by the division of mental health and addiction under subsections (b)(5) and (d)(6):

(1) is annually appropriated to the division of mental health and addiction;

(2) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and

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(3) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The division shall allocate at least twenty-five percent (25%) of the money received to the prevention and treatment of compulsive gambling.

(h) This subsection applies to the following:

(1) Each entity receiving money under subsection (b).

(2) Each entity receiving money under subsection (d)(1) through (d)(2).

(3) Each entity receiving money under subsection (d)(5) through (d)(7).

The treasurer of state shall determine the total amount of money paid by the treasurer of state to an entity subject to this subsection during the state fiscal year 2002. The amount determined under this subsection is the base year revenue for each entity subject to this subsection. The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(i) This subsection applies to an entity receiving money under subsection (d)(3) or (d)(4). The treasurer of state shall determine the total amount of money paid by the treasurer of state to the entity described in subsection (d)(3) during state fiscal year 2002. The amount determined under this subsection multiplied by nine-tenths (0.9) is the base year revenue for the entity described in subsection (d)(3). The amount determined under this subsection multiplied by one-tenth (0.1) is the base year revenue for the entity described in subsection (d)(4). The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(j) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the total amount of money distributed to an entity under this section during a state fiscal year may not exceed the entity's base year revenue as determined under subsection (h) or (i). If the treasurer of state determines that the total amount of money distributed to an entity under this section during a state fiscal year is less than the entity's base year revenue, the treasurer of state shall make a supplemental distribution to the entity under IC 4-33-13-5(g).

(k) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30,

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2002, the treasurer of state shall pay that part of the riverboat admissions taxes that:

- (1) exceed a particular entity's base year revenue; and
- (2) would otherwise be due to the entity under this section; to the property tax replacement fund instead of to the entity.

**(l) The maximum amount paid to the Indiana horse racing commission under this section in a state fiscal year ending before July 1, 2007, may not exceed the remainder of:**

- (1) the Indiana horse racing commission's base year revenue as determined under subsection (h); minus**
- (2) the amount of slot machine taxes, if any, paid to the Indiana horse racing commission under IC 4-35-8-4 in the state fiscal year.**

**For a state fiscal year ending before July 1, 2007, the treasurer of state shall pay the amount of the admissions taxes equal to the amount of slot machine taxes, if any, subtracted from the Indiana horse racing commission's base year revenue under this subsection to the Indiana economic development corporation for deposit in the Indiana economic growth fund established under IC 4-35-8-7 instead of to the Indiana horse racing commission. For a state fiscal year beginning after June 30, 2007, the Indiana horse racing commission is not entitled to a distribution of admissions taxes collected under this chapter. After June 30, 2007, the treasurer of state shall pay the admissions taxes specified in subsections (b)(6) and (d)(7) to the Indiana economic development corporation for deposit in the Indiana economic growth fund established under IC 4-35-8-7 instead of to the Indiana horse racing commission.**

SECTION 9. IC 4-33-18-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. (a) Nothing in this chapter may be construed to limit the powers or responsibilities of:

- (1) the ~~Indiana state~~ lottery commission under IC 4-30;
- (2) the Indiana horse racing commission under IC 4-31;
- (3) the department of state revenue under IC 4-32; or
- (4) the Indiana gaming commission under IC 4-33 **or IC 4-35.**

(b) The department may not exercise any administrative or regulatory powers with respect to:

- (1) the Indiana lottery under IC 4-30;
- (2) pari-mutuel horse racing under IC 4-31;
- (3) charity gaming under IC 4-32; ~~or~~
- (4) riverboat casino gambling under IC 4-33; **or**
- (5) gambling games conducted at a racetrack (as defined by IC 4-35-2-8) under IC 4-35.**

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SECTION 10. IC 4-35 IS ADDED TO THE INDIANA CODE AS  
A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
2005]:

**ARTICLE 35. GAMBLING GAMES AT RACETRACKS**

**Chapter 1. Application**

**Sec. 1.** This article applies only to gambling games conducted by  
a permit holder licensed under IC 4-35-5.

**Chapter 2. Definitions**

**Sec. 1.** The definitions in this chapter apply throughout this  
article.

**Sec. 2.** "Adjusted gross receipts" means:

(1) the total of all cash and property (including checks  
received by a permit holder, whether collected or not)  
received by a permit holder from gambling games; minus

(2) the total of:

(A) all cash paid out to patrons as winnings for gambling  
games; and

(B) uncollectible gambling game receivables, not to exceed  
the lesser of:

(i) a reasonable provision for uncollectible patron checks  
received from gambling games; or

(ii) two percent (2%) of the total of all sums, including  
checks, whether collected or not, less the amount paid  
out to patrons as winnings for gambling games.

For purposes of this section, a counter or personal check that is  
invalid or unenforceable under this article is considered cash  
received by the permit holder from gambling games.

**Sec. 3.** "Commission" refers to the Indiana gaming commission  
established by IC 4-33-3-1.

**Sec. 4.** "Department" refers to the department of state revenue.

**Sec. 5.** "Gambling game" means a slot machine.

**Sec. 6.** "Permit holder" means a person who:

(1) was first issued a permit under IC 4-31-5 to conduct a  
pari-mutuel horse racing meeting before January 1, 2005; and

(2) holds a valid permit issued under IC 4-31-5 to conduct a  
pari-mutuel horse racing meeting.

**Sec. 7.** "Priority county" means any county located in Indiana  
except for the following:

(1) Dearborn County.

(2) Harrison County.

(3) Lake County.

(4) LaPorte County.

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- (5) Madison County.
- (6) Marion County.
- (7) Ohio County.
- (8) Orange County.
- (9) Switzerland County.
- (10) Vanderburgh County.

Sec. 8. "Racetrack" means the racetrack specified in a permit holder's permit to conduct a pari-mutuel horse racing meeting.

Sec. 9. "Slot machine" means a type of electronic gaming device approved by the commission as a wagering device for use under this article.

Sec. 10. "Supplier's license" means a license issued under IC 4-35-6.

### Chapter 3. General Provisions

Sec. 1. All shipments of slot machines to permit holders in Indiana, the registering, recording, and labeling of which have been completed by the manufacturer or dealer in accordance with 15 U.S.C. 1171 through 15 U.S.C. 1178, are legal shipments of gambling devices into Indiana.

Sec. 2. Under 15 U.S.C. 1172, approved January 2, 1951, the state of Indiana, acting by and through elected and qualified members of the general assembly, declares that the state is exempt from 15 U.S.C. 1172.

### Chapter 4. Powers and Duties of the Indiana Gaming Commission

Sec. 1. The commission shall regulate and administer gambling games conducted by a permit holder under this article.

Sec. 2. The commission shall do the following:

- (1) Adopt rules that the commission determines necessary to protect or enhance the following:
  - (A) The credibility and integrity of gambling games authorized by this article.
  - (B) The regulatory process provided in this article.
- (2) Conduct all hearings concerning civil violations of this article.
- (3) Provide for the establishment and collection of license fees imposed under this article.
- (4) Deposit the license fees in the state racetrack gaming fund established by IC 4-35-8.
- (5) Levy and collect penalties for noncriminal violations of this article.
- (6) Deposit the penalties in the state racetrack gaming fund

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established by IC 4-35-8.

Sec. 3. The commission shall adopt rules under IC 4-22-2, including emergency rules under IC 4-22-2-37.1, for the following purposes:

- (1) Administering this article.
- (2) Establishing the conditions under which gambling games at racetracks may be conducted.
- (3) Providing for the prevention of practices detrimental to the public interest.
- (4) Establishing rules concerning inspection of gambling game facilities at racetracks and the review of the permits or licenses necessary to conduct gambling games under this article.
- (5) Imposing penalties for noncriminal violations of this article.

Sec. 4. The commission may enter into a contract with the Indiana horse racing commission for the provision of services necessary to administer this article.

#### Chapter 5. Gambling Game License

Sec. 1. The commission may issue a license to a permit holder to conduct gambling games under this article at the permit holder's racetrack.

Sec. 2. Before issuing a license to a permit holder under this chapter, the commission shall subject the permit holder to a background investigation similar to a background investigation required for an applicant for a riverboat owner's license under IC 4-33-6.

Sec. 3. An initial gambling game license expires five (5) years after the effective date of the license. Unless the gambling game license is terminated or revoked, the gambling game license may be renewed annually thereafter upon:

- (1) the payment of an annual renewal fee determined by the commission; and
- (2) a determination by the commission that the permit holder satisfies the conditions of this chapter.

Sec. 4. (a) A permit holder holding a gambling game license shall undergo a complete investigation every three (3) years to determine whether the permit holder remains in compliance with this article.

(b) Notwithstanding subsection (a), the commission may investigate a permit holder at any time the commission determines it is necessary to ensure that the permit holder remains in

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1 compliance with this article.

2 Sec. 5. A permit holder shall bear the cost of an investigation or  
3 a reinvestigation of the permit holder and any investigation  
4 resulting from a potential transfer of ownership.

5 Chapter 6. Slot Machine Suppliers

6 Sec. 1. The commission may issue a supplier's license under this  
7 chapter to a person if:

8 (1) the person has:

9 (A) applied for the supplier's license;

10 (B) paid a nonrefundable application fee set by the  
11 commission;

12 (C) paid a five thousand dollar (\$5,000) annual supplier's  
13 license fee; and

14 (D) submitted, on forms provided by the commission, two

15 (2) sets of:

16 (i) the individual's fingerprints, if the applicant is an  
17 individual; or

18 (ii) fingerprints for each officer and director of the  
19 applicant, if the applicant is not an individual; and

20 (2) the commission has determined that the applicant is  
21 eligible for a supplier's license.

22 Sec. 2. (a) A holder of a supplier's license issued under this  
23 chapter may sell, lease, and contract to sell or lease slot machines  
24 to a permit holder authorized to conduct gambling games under  
25 IC 4-35-5.

26 (b) Slot machines may not be distributed unless the slot  
27 machines conform to standards adopted by the commission.

28 Sec. 3. A person may not receive a supplier's license under this  
29 chapter if:

30 (1) the person has been convicted of a felony under Indiana  
31 law, the laws of any other state, or the laws of the United  
32 States;

33 (2) the person has knowingly or intentionally submitted an  
34 application for a supplier's license under this chapter that  
35 contains false information;

36 (3) the person is a member of the commission;

37 (4) the person is an officer, a director, or a managerial  
38 employee of a person described in subdivision (1) or (2);

39 (5) the person employs an individual who:

40 (A) is described in subdivision (1), (2), or (3); and

41 (B) participates in the management or operation of  
42 gambling operations authorized under this article;

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(6) the person owns more than a ten percent (10%) ownership interest in any other person holding a permit issued under IC 4-31; or

(7) a license issued to the person:

(A) under this article;

(B) under IC 4-33-7; or

(C) to supply gaming supplies in another jurisdiction; has been revoked.

Sec. 4. A person may not furnish slot machines to a permit holder unless the person possesses a supplier's license.

Sec. 5. (a) A supplier shall furnish to the commission a list of all slot machines offered for sale or lease in connection with gambling games authorized under this article.

(b) A supplier shall keep books and records for the furnishing of slot machines to permit holders. The books and records must be separate from books and records of any other business operated by the supplier.

(c) A supplier shall file a quarterly return with the commission listing all sales and leases.

(d) A supplier shall permanently affix the supplier's name to all slot machines that the supplier provides to permit holders under this chapter.

Sec. 6. A supplier's slot machines that are used by a person in an unauthorized gambling operation shall be forfeited to the state.

Sec. 7. Slot machines that are provided by a supplier may be:

(1) repaired on the premises of a racetrack; or

(2) removed for repair from the racetrack to a facility owned by the permit holder.

Sec. 8. (a) Unless a supplier's license is suspended, expires, or is revoked, the supplier's license may be renewed annually upon:

(1) the payment of a five thousand dollar (\$5,000) annual renewal fee; and

(2) a determination by the commission that the holder of the supplier's license is in compliance with this article.

(b) The holder of a supplier's license shall undergo a complete investigation every three (3) years to determine whether the holder of the supplier's license is in compliance with this article.

(c) Notwithstanding subsection (b), the commission may investigate the holder of a supplier's license at any time the commission determines it is necessary to ensure that the holder of the supplier's license is in compliance with this article.

(d) The holder of a supplier's license shall bear the cost of an

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1 investigation or a reinvestigation of the licensee and any  
2 investigation resulting from a potential transfer of ownership.

3 **Chapter 7. Conduct of Gambling Games at Racetracks**

4 **Sec. 1. Gambling games authorized by this article are limited to**  
5 **a racetrack operated by a permit holder licensed to conduct**  
6 **gambling games under IC 4-35-5.**

7 **Sec. 2. (a) A person less than twenty-one (21) years of age may**  
8 **not wager on a slot machine.**

9 **(b) Except as provided in subsection (c), a person who is less**  
10 **than twenty-one (21) years of age may not be present in the area of**  
11 **a racetrack where gambling games are conducted.**

12 **(c) A person who is at least eighteen (18) years of age and who**  
13 **is an employee of the racetrack may be present in the area of the**  
14 **racetrack where gambling games are conducted. However, an**  
15 **employee who is less than twenty-one (21) years of age may not**  
16 **perform any function involving gambling by the patrons.**

17 **Sec. 3. Minimum and maximum wagers on gambling games**  
18 **shall be determined by the permit holder who has been issued a**  
19 **gambling game license under this article.**

20 **Sec. 4. The following may inspect a racetrack's slot machine**  
21 **facilities at any time to determine if this article is being violated:**

22 **(1) Employees of the commission.**

23 **(2) Officers of the state police department.**

24 **Sec. 5. Employees of the commission have the right to be present**  
25 **in the slot machine facilities of a racetrack under the control of a**  
26 **permit holder who has been issued a gambling game license under**  
27 **this article.**

28 **Sec. 6. Slot machines may be purchased or leased only from**  
29 **suppliers licensed under this article.**

30 **Sec. 7. A permit holder who has been issued a gambling game**  
31 **license may not permit any form of wagering except as permitted**  
32 **under this article and IC 4-31.**

33 **Sec. 8. Wagers may be received only from a person present in a**  
34 **racetrack's slot machine facilities. A person present in a**  
35 **racetrack's slot machine facilities may not place or attempt to**  
36 **place a wager on behalf of another person who is not present in the**  
37 **racetrack's slot machine facilities.**

38 **Sec. 9. Wagering may not be conducted with money or other**  
39 **negotiable currency.**

40 **Sec. 10. (a) All tokens or electronic cards that are used to make**  
41 **wagers must be purchased from the permit holder at the permit**  
42 **holder's racetrack.**

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1 (b) The tokens or electronic cards may be purchased by means  
2 of an agreement under which the permit holder extends credit to  
3 the patron.

4 Sec. 11. Tokens or electronic cards may be used while present  
5 at the racetrack only for the purpose of making wagers on slot  
6 machines authorized by this article.

7 Sec. 12. A permit holder licensed to conduct gambling games  
8 under this article may not install more than two thousand five  
9 hundred (2,500) slot machines on the premises of the permit  
10 holder's racetrack.

11 Chapter 8. Taxation of Slot Machine Wagering

12 Sec. 1. As used in this chapter, "corporation" refers to the  
13 Indiana economic development corporation established by  
14 IC 4-1.5-3-1.

15 Sec. 2. (a) A wagering tax is imposed on the adjusted gross  
16 receipts received from wagering on slot machines authorized under  
17 this article at the rate of forty percent (40%).

18 (b) A permit holder shall remit the tax imposed by this section  
19 to the department before the close of the business day following the  
20 day the wagers are made.

21 (c) The department may require payment under this section to  
22 be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).

23 (d) If the department requires taxes to be remitted under this  
24 chapter through electronic funds transfer, the department may  
25 allow the permit holder to file a monthly report to reconcile the  
26 amounts remitted to the department.

27 (e) The department may allow taxes remitted under this section  
28 to be reported on the same form used for taxes paid under  
29 IC 4-31-9.

30 Sec. 3. (a) The state racetrack gaming fund is established.  
31 Money in the fund does not revert to the state general fund at the  
32 end of a state fiscal year.

33 (b) The department shall deposit tax revenue collected under  
34 section 1 of this chapter in the state racetrack gaming fund.

35 (c) Money in the fund is appropriated for the purposes of this  
36 chapter.

37 Sec. 4. (a) This section applies to the first twenty-seven million  
38 two hundred five thousand two hundred eighty-four dollars  
39 (\$27,205,284) deposited in the state racetrack gaming fund under  
40 section 3 of this chapter in a state fiscal year ending before July 1,  
41 2007.

42 (b) Before the fifteenth day of each month, the treasurer of state

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shall distribute the tax revenue deposited in the state racetrack gaming fund in the preceding month to the Indiana horse racing commission to be distributed in amounts determined by the Indiana horse racing commission as follows:

(1) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(2) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and grants shall not be made before the racetrack becomes operational and is offering a racing schedule.

Sec. 5. (a) This section applies to the tax revenue deposited in the state racetrack gaming fund that exceeds twenty-seven million two hundred five thousand two hundred eighty-four dollars (\$27,205,284) in a state fiscal year ending before July 1, 2007.

(b) Before the fifteenth day of each month, the treasurer of state shall transfer the remaining tax revenue to the corporation for deposit in the Indiana economic growth fund established under section 7 of this chapter.

Sec. 6. (a) This section applies to a state fiscal year beginning after June 30, 2007.

(b) Before the fifteenth day of each month, the treasurer of state shall transfer the tax revenue deposited in the state racetrack gaming fund under section 3 of this chapter in the preceding month to the corporation for deposit in the Indiana economic growth fund established under section 7 of this chapter.

Sec. 7. (a) The Indiana economic growth fund is established. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(b) The fund shall be administered by the corporation.

(c) Money in the fund is appropriated for the purposes of this chapter.

(d) The corporation shall use the money in the fund as follows:

(1) Forty-eight million dollars (\$48,000,000) is allocated each state fiscal year that ends before July 1, 2037, to the capital improvement board established under IC 36-10-9 for a convention center and stadium project.

(2) One hundred thousand dollars (\$100,000) is allocated each state fiscal year that ends before July 1, 2037, to each excluded city (as defined in IC 36-3-1-7) for economic

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development projects.

(3) One million dollars (\$1,000,000) is allocated each state fiscal year that ends before July 1, 2037, to the Indiana Sports Corporation.

(4) After making the allocations required by subdivisions (1) through (3) each state fiscal year, the corporation shall use the remaining money in the fund to support convention and economic development projects selected by the corporation using a coordinated and integrated statewide economic development plan with:

(A) seventy percent (70%) of the remaining money in the fund each state fiscal year allocated by the corporation to support selected projects located in a priority county; and

(B) thirty percent (30%) of the remaining money in the fund each state fiscal year allocated by the corporation to support selected projects located in any county.

(e) If the money deposited in the fund is insufficient to make the allocation required by subsection (d)(1), the amount allocated must be reduced to the amount of money available.

(f) The statewide economic development plan required under subsection (d) must include strategies and methods to enhance, promote, and develop the motor sports industry in Indiana.

(g) A person who receives an allocation for an economic development project under this section shall annually report to the corporation the economic and fiscal impact attributable to the allocation.

Sec. 8. (a) Before the fifteenth day of each month, a permit holder shall pay to the Indiana horse racing commission for the promotion of horse racing a fee of thirteen percent (13%) of the permit holder's adjusted gross receipts received from wagering on slot machines authorized by this article for the previous month.

(b) Subject to subdivision (1)(C), the Indiana horse racing commission shall distribute the money that is paid under subsection (a) as follows:

(1) Eighty-one percent (81%) for the following purposes:

(A) Forty-six percent (46%) for thoroughbred purposes as follows:

(i) Ninety-eight and five-tenths percent (98.5%) for thoroughbred purses.

(ii) One and two-tenths percent (1.2%) to the horsemen's association representing thoroughbred owners and trainers.

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(iii) Three-tenths of one percent (0.3%) to the horsemen's association representing thoroughbred owners and breeders.

(B) Forty-six percent (46%) for standardbred purposes as follows:

(i) Ninety-eight and five-tenths percent (98.5%) for standardbred purses.

(ii) One and five-tenths percent (1.5%) to the horsemen's association representing standardbred owners and trainers.

(C) Eight percent (8%) for quarterhorse purposes as follows:

(i) Ninety-five percent (95%) for quarterhorse purses.

(ii) Five percent (5%) to the horsemen's association representing quarterhorse owners and trainers.

However, in the first year after the commencement of slot machine operations, the money distributed under this clause may not exceed the lesser of two million seven hundred thousand dollars (\$2,700,000) or eight percent (8%) of the money paid under this subdivision. If quarterhorse races average at least seven and five-tenths (7.5) horses per gate in the first year after the commencement of slot machine operations or in a subsequent year, the money distributed under this clause for quarterhorse purposes shall be increased by ten percent (10%) in the following year. However, the money distributed under this clause may not exceed eight percent (8%) of the total amount of money distributed under this subdivision. If the amount of money distributed under this clause is less than eight percent (8%) of the total amount of money distributed under this subdivision in a particular year, the amounts distributed under clauses (A) and (B) for that year shall be increased equally in proportional amounts.

(2) Nineteen percent (19%) to the breed development funds established under IC 4-31-11-10 in the same proportion that money is distributed for the purposes of each breed under subdivision (1).

#### **Chapter 9. Penalties**

**Sec. 1.** This chapter applies only to gambling games authorized under this article.

**Sec. 2.** A person who knowingly or intentionally aids, induces,

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or causes a person who is:

- (1) less than twenty-one (21) years of age; and
- (2) not an employee of a racetrack licensed to conduct gambling games under this article;

to enter or attempt to enter the racetrack's slot machine operation commits a Class A misdemeanor.

**Sec. 3. A person who:**

- (1) is not an employee of a racetrack licensed to conduct gambling games under this article;
- (2) is less than twenty-one (21) years of age; and
- (3) knowingly or intentionally enters the racetrack's slot machine operation;

commits a Class A misdemeanor.

**Sec. 4. A person who knowingly or intentionally:**

- (1) makes a false statement on an application submitted under this article;
- (2) conducts a gambling game in a manner other than the manner required under this article; or
- (3) wagers or accepts a wager at a location other than a racetrack's slot machine operation;

commits a Class A misdemeanor.

**Sec. 5. A person who knowingly or intentionally does any of the following commits a Class D felony:**

- (1) Offers, promises, or gives anything of value or benefit:
  - (A) to a person who is connected with a permit holder, including an officer or an employee of a permit holder; and
  - (B) under an agreement to influence or with the intent to influence:
    - (i) the actions of the person to whom the offer, promise, or gift was made in order to affect or attempt to affect the outcome of a gambling game; or
    - (ii) an official action of a commission member.
- (2) Solicits, accepts, or receives a promise of anything of value or benefit:
  - (A) while the person is connected with a permit holder, including an officer or employee of a permit holder; and
  - (B) under an agreement to influence or with the intent to influence:
    - (i) the actions of the person to affect or attempt to affect the outcome of a gambling game; or
    - (ii) an official action of a commission member.
- (3) Uses or possesses with the intent to use a device to assist

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in:

- (A) projecting the outcome of the game;
  - (B) analyzing the probability of the occurrence of an event relating to the gambling game; or
  - (C) analyzing the strategy for playing or betting to be used in the game, except as permitted by the commission.
  - (4) Cheats at a gambling game.
  - (5) Manufactures, sells, or distributes any game or device that is intended to be used to violate this article.
  - (6) Alters or misrepresents the outcome of a gambling game on which wagers have been made after the outcome is made sure but before the outcome is revealed to the players.
  - (7) Places a bet on the outcome of a gambling game after acquiring knowledge that:
    - (A) is not available to all players; and
    - (B) concerns the outcome of the gambling game that is the subject of the bet.
  - (8) Aids a person in acquiring the knowledge described in subdivision (7) for the purpose of placing a bet contingent on the outcome of a gambling game.
  - (9) Claims, collects, takes, or attempts to claim, collect, or take money or anything of value in or from a gambling game:
    - (A) with the intent to defraud; or
    - (B) without having made a wager contingent on winning a gambling game.
  - (10) Claims, collects, or takes an amount of money or a thing of value of greater value than the amount won in a gambling game.
  - (11) Uses or possesses counterfeit tokens in or for use in a gambling game.
  - (12) Possesses a key or device designed for:
    - (A) opening, entering, or affecting the operation of a gambling game, drop box, or an electronic or a mechanical device connected with the gambling game; or
    - (B) removing coins, tokens, or other contents of a gambling game.
- This subdivision does not apply to a permit holder or an employee of a permit holder agent acting in the course of the employee's employment.
- (13) Possesses materials used to manufacture a slug or device intended to be used in a manner that violates this article.

SECTION 11. IC 6-8.1-1-1 IS AMENDED TO READ AS

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FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. "Listed taxes" or "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); **the tax imposed on slot machine wagering at racetracks (IC 4-35-8)**; the gross income tax (IC 6-2.1) (repealed); the utility receipts tax (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the county adjusted gross income tax (IC 6-3.5-1.1); the county option income tax (IC 6-3.5-6); the county economic development income tax (IC 6-3.5-7); the municipal option income tax (IC 6-3.5-8); the auto rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various county food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the solid waste management fee (IC 13-20-22); and any other tax or fee that the department is required to collect or administer.

SECTION 12. IC 35-45-5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. This chapter does not apply to the publication or broadcast of an advertisement, a list of prizes, or other information concerning:

- (1) pari-mutuel wagering on horse races or a lottery authorized by the law of any state; ~~or~~
- (2) a game of chance operated in accordance with IC 4-32; **or**
- (3) a gambling game operated in accordance with IC 4-35.**

SECTION 13. IC 35-45-5-11 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 11. This chapter does not apply to a gambling game conducted by a permit holder under IC 4-35.**

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1       SECTION 14. [EFFECTIVE JULY 1, 2005] (a) If the Indiana  
2 gaming commission determines that a permit holder has met the  
3 requirements of this act, the Indiana gaming commission shall  
4 adopt a resolution authorizing a permit holder to conduct  
5 gambling games under IC 4-35, as added by this act. The Indiana  
6 gaming commission may exercise any power necessary to  
7 implement this act under a resolution authorized under this  
8 SECTION.

9       (b) This SECTION expires January 1, 2007.

10       SECTION 15. [EFFECTIVE JULY 1, 2005] (a) The Indiana  
11 gaming commission shall adopt the emergency rules required  
12 under IC 4-35-4-3, as added by this act, before August 31, 2005.

13       (b) This SECTION expires January 1, 2006.

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